

Michael O. Leavitt Governor Kathleen Clarke Executive Director Lowell P. Braxton Division Director 1594 West North Temple, Suite 1210 PO Box 145801 Salt Lake City, Utah 84114-5801 801-538-5340 801-359-3940 (Fax) 801-538-7223 (TDD)

January 23, 2001

CERTIFIED RETURN RECEIPT 7000 0520 0021 7582 8401

Jerry Holliday Holliday Construction, Inc. 700 East Brown Canyon Road P.O. Box 502 Blanding, Utah 84511

Re: Review of Fifth Submission, Notice of Intention to Commence Large Mining Operations, Holliday Construction Inc., Lime Ridge Mine, M/037/081, San Juan County, Utah

Dear Mr. Holliday:

The Division has completed a review of your fifth submission received December 13, 2000, for your Notice of Intention to Commence Large Mining Operations (NOI-LMO) for the Lime Ridge Mine, located on state mineral lease ML45960-BSLS in San Juan County, Utah.

The Division has a few review comments which remain to be addressed before tentative approval may be granted. The comments are listed below under the applicable Minerals Rule heading. Please format your response in a similar fashion. Please provide a response to this review within 30 days of your receipt of this letter.

The Division will suspend further review of this NOI-LMO until your response to this letter is received. If you have any questions regarding these comments please contact me, Tony Gallegos, or Doug Jensen of the Minerals Staff. If you wish to arrange a meeting to discuss this review, please contact us at your earliest convenience. Thank you for your cooperation in completing this permitting action.

Sincerely,

D. Wayne Hedberg

Permit Supervisor

Minerals Regulatory Program

REVIEW OF NOTICE OF INTENTION TO COMMENCE LARGE MINING OPERATIONS

Holliday Construction Inc. Lime Ridge Mine M/037/081 Last Revised January 23, 2001

R647-4-106 - Operation Plan

106.3 Estimated acreages disturbed, reclaimed, annually.

The notice information filed by Holiday Construction on September 18, 2000, contained contradictory statements regarding disturbed acreages. One part of the plan stated "No further mining operations are planned at this time" and another part of the plan stated that a contract was in place for an additional 3,500 tons of material. The December 13th submission responds by saying you have 8 inch rock and they want 10 inch. Does the statement in your latest submission describe tonnages which are in addition to what was described in your previous submissions? Please explain whether producing this additional tonnage will require creation of additional disturbance outside of the areas shown on the maps submitted to the Division on September 18, 2000.

Please note that this Notice, as submitted, will only allow you to operate within the September 18, 2000 disturbance footprint. Any expansion beyond the total plan disturbance of 11.48 acres will require submission of an amendment to this plan and Division approval prior to creating any expansion. (DJ)

106.8 Depth to groundwater, extent of overburden, geology

Please provide a tonnage estimate of the overburden material in the piles currently located on the site. This estimate is needed to calculate the reclamation costs for these piles. (DJ)

R647-4-107 - Operation Practices

107.1 Public safety & welfare

107.1.15 Constructing berms, fences, etc. above highwalls.

In regard to the San Juan County Road Department letter, the use of equipment to block access to the pit highwall during operations is only effective during active operations. This does not protect the public during times of inactivity. Please agree to construct berms or other obstacles/barriers to minimize the public hazard of the open pit when equipment is not on site. (DJ)

R647-4-110 - Reclamation Plan

110.2 Roads, highwalls, slopes, drainages, pits, etc., reclaimed

Will all overburden and products stockpiles be used as backfill during final reclamation, or will some of this material require regrading in place? Please provide an estimate of the volume(s) of stockpiled materials which will require regrading as part of final reclamation. (DJ)

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110.5 Revegetation Planting program

Please clarify the incomplete statements in your response by fully describing what you agree to do rather than just stating "We agree to do this." Please state what you agree to do in a complete narrative so this reclamation plan is complete and able to stand alone. (DJ)

The previous Division comment for this heading recommended that 50 pounds per acre of phosphate fertilizer and 15 tons per acre of composted manure be applied to amend the soil materials to assure revegetation success.

R647-4-111 - Reclamation Practices

111.7 Highwalls stabilized at 45 degrees or less

This Notice states all highwalls will be backfilled to a slope of 45 degrees. Please state what material you plan to use for backfill and how backfilling will be accomplished (i.e., describe how you will move material to the highwalls using a dozer, loader, trucks, etc., and from where the material will be moved). This information is necessary to help us determine an accurate reclamation cost estimate. (DJ)

111.12 Topsoil redistribution

Previous comments as outlined under section R647-110.5 also apply here. Please make a complete statement describing how topsoil redistribution will be accomplished. Also explain how you will make up for any shortage of soil when reclaiming the site. (DJ)

The previous Division comment for this heading suggested that topsoil be placed in islands scattered throughout the reclaimed areas. These soil islands would be a minimum of six inches deep. By amending the overburden/fines that will be between the topsoil islands with the same fertilizer and composted mulch that is applied to the topsoiled areas (50 lbs/acre of phosphate fertilizer and 15 tons/acre of composted manure), it is expected that significant vegetation can be established over the entire site.

R647-4-112 - Variance

No variances were requested in this notice or granted by the Division. (DJ)

R647-4-113 - Surety

A reclamation surety cost estimate will be calculated after receiving your response to this review. (DJ)